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C O N F I D E N T I A L SECTION 01 OF 02 RIGA 000026

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TAGS: [PGOV](#) [LG](#)

SUBJECT: POLITICAL AMBITION FUELS AUDITOR GENERAL'S ATTACKS

Classified By: Bruce D. Rogers, Deputy Chief of Mission, for reasons 1.
4 (b) and (d).

¶1. (C) Summary: The Latvian Auditor General, Ms. Inguna Sudraba, has launched a series of pointed public attacks on the government's handling of the economic crisis. These attacks, while levied in her role as Auditor General, are driven by political ambition. In a confidential meeting with the Embassy, Sudraba revealed her plans to launch a new political party and possibly challenge for the position of prime minister in the October 2010 elections. While she described her ongoing effort to develop a campaign platform Sudraba was unable to provide any concrete details of her economic plan in the meeting and was most comfortable in criticizing the current government's handling of the crisis. So far, Sudraba's political ambition has remained a well guarded secret. Despite her well-deserved public reputation for probity her prospects for success are doubtful at best. End Summary.

Sudraba Attacks

¶2. (SBU) After coming out of a meeting with President Zatlers, Sudraba told the media on January 13 that the "government still has no plan for economic recovery." She accused the government of treating the budget like a "mathematical" exercise lacking "a vision of how to revive the economy," and she described the current economic and budget situation as "absurd." Sudraba also sent a formal letter to PM Dombrovskis, President Zatlers and Parliamentary Speaker Daudze on January 13, in which she criticized the government's management of the budget and its inappropriate internal reallocation of funding between and within ministries.

¶3. (SBU) Sudraba has been an outspoken critic of the Latvian government's handling of the economic crisis for some time. In September 2009 she attacked the government's structural reform efforts, saying, "I do not see closing down schools and reducing the number of teachers as a reform. Reform means understanding what education content we plan to provide, what education quality we can ensure and what steps should be taken to ensure quality." Despite the sharpness of some of her attacks, government officials and members of parliament generally welcome her voice as an independent and well respected public advocate. Even the PM's office told us that they appreciate her role as a public watchdog.

A New Party?

¶4. (C) Sudraba and Mr. Ivars Markods, a former foreign policy advisor to Latvia's first post-Soviet PM, Karlis Ulmanis, requested a meeting with the Embassy on November 29 to lay out their plans for forming a new political party. Markods appears to be the driving force behind the formation of this new party, which Sudraba would officially lead. Markods expressed the belief that the political parties now campaigning on anti-corruption platforms (New Era, Civic Union and the Society for Alternative Politics) were actually

financed and controlled by Olegs Stepanovs, a long-time rival of Ventspils Mayor Aivars Lembergs (the power behind the Greens and Farmers Party).

¶15. (C) Although Sudraba and Markods outlined some general themes for their party's platform, such as improved relations between ethnic-Russians and ethnic-Latvians, the continuation of a pro Euro-Atlantic foreign policy, and an economic policy rooted in anti-corruption, they were able to provide very few details. Markods said they have received private support from a large group of government officials and are planning to hold a congress of ideas as early as March as a the launching pad for their new party later in 2010. Sudraba said she is considering running in the October 2010 parliamentary elections as the prime ministerial candidate for this new party, if they can garner enough enthusiasm, and presumably enough financial backing, to run nation-wide.

¶16. (C) Comment: The fact that Sudraba's attacks are politically motivated doesn't mean she is not often right on the merits of her challenges. Her statements mimic the private complaints expressed by IMF team members and other independent analysts of the failure of the government to approach the current crisis strategically. Yet we question her ability to translate her respect as a public watchdog into political success. Latvian political history is rife with examples of new personalities forming niche political parties in the vain hope of tapping into public discontent with the existing political structures. If Sudraba isn't able to provide the vision she so aptly criticizes the government of lacking, her own political ambitions are likely to end in failure. While the challenge of organizing, financing, and

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campaigning with a brand-new political party are considerable, Sudraba could conceivably emerge as a 'technocratic' compromise Prime Minister should the current government fall before elections are due in October. End Comment.

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